

**NORTH SOUND REGIONAL SUPPORT NETWORK**  
**Skagit County, Washington**  
**January 1, 1994 Through December 31, 1994**

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**Schedule Of Federal Findings**

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1. North Sound Regional Support Network Officials Should Improve Subrecipient Monitoring

North Sound Regional Support Network officials did not adequately monitor subrecipients of the U.S. Department of Health and Human Services, Alcohol and Drug Abuse and Mental Health Services Block Grant (CFDA 93.958) and Federal Funds ) Prepaid Health Plan (CFDA 93.778) programs in accordance with federal regulations. This condition was noted in our 1993 audit report. The network did not obtain or review all audit reports for its subrecipients.

The U.S. Office of Management and Budget's (OMB) Circular A-128 establishes subrecipient monitoring requirements. OMB Circular A-133 and Circular A-128 cover audit requirements for the network's subrecipients that receive \$25,000 or more of federal assistance. The network is required to ascertain subrecipients' compliance with audit requirements.

Failure to monitor subrecipient contracts in compliance with requirements reduces assurance that such contracts are properly administered or that costs charged are allowable. It could also jeopardize future federal funding.

We recommend that North Sound Regional Support Network officials monitor subrecipients in accordance with federal requirements.